



May 21, 1997

John Etchart, Chairman
[Northwest Energy Review Transition Board](#)
851 SW Sixth Avenue, Suite 1100
Portland, OR 97204-1348

Dear John:

Thank you for the opportunity to comment on the [Transition Board's draft letter to the Northwest House delegation](#). The Washington Department of Community, Trade and Economic Development (CTED) supports your determination to develop recommendations for legislation carefully and with ample opportunity to build on the Comprehensive Review's spirit of consensus. We also support the generally cautious approach that the letter takes regarding the need for federal legislation. However, we do have concerns about some parts of the content of the letter, both for what it says and for what it omits.

The product of the Comprehensive Review was literally nothing if not a package. To be sure, it is not always easy or practical to move forward on all fronts simultaneously. And we recognize that some evolution of the recommendations is to be expected as we learn more. However, the Comprehensive Review's hard-won consensus will erode quickly and irrevocably if we simply elect to move forward on the most expeditious items and leave others behind.

For example, we do not believe it is appropriate to attempt "rifle shot" legislation to remove a particular barrier to BPA participation in a regional IGO without resolving the "additional issues regarding legal separation and full FERC jurisdiction," which your draft letter acknowledges "are generally more pressing." We strongly support the development of a transmission system that is fully independent of generation ownership in the interest of truly competitive bulk power commerce.

But the Comprehensive Review made it abundantly clear that this goal cannot be achieved without addressing how BPA will continue to discharge its legal and financial obligations. There is little to be gained by urging Congress to remove minor impediments to legal separation until we face the major hurdles squarely. But there is much to be lost in the way of regional support for the whole enterprise. Our hope is that the strong support for independent grid operations will help to motivate genuine progress in achieving a more durable resolution among competing claims on BPA's financial resources.

We would also like to call your attention to a part of the Comprehensive Review's recommendations that clearly calls for federal action, but that is not mentioned in the letter. The recommendations call for a federal back-up mechanism for public purposes, to the extent that the minimum standards recommended by the Steering Committee are not otherwise being achieved by July 1 of this year. It remains our hope and belief that states, utilities, and Direct Service Industry customers will follow through on the public purpose commitments that they endorsed as part of the Comprehensive Review package. However, the Steering Committee acknowledged that progress in the states would be uneven, and that some form of backup was appropriate in part to ensure that states that acted early could expect reciprocation.

Clearly, there are varying levels of support for this feature of the package among the interests, as there is for *every* feature of the package. Also like all the other pieces, it can cause the package to unravel if removed. Common ground was difficult enough to find the first time around. If we retreat from that ground now, we have little hope of regaining it.

With respect to subscription, my recollection is that the Steering Committee's posture as a group on legislation per se was strictly agnostic. CTED takes no position on which parts of the subscription effort can and cannot be accomplished administratively, but we do think the letter should include a clear enumeration of the all the features of the recommendations that *may* require legislation, rather than singling out one example. These might include removing impediments to resale, dealing with the Residential Exchange, modifying preference, modifying BPA's obligation to meet load growth, and accommodating targeted stranded cost allocations, among others.

Thank you for the opportunity to comment, and for your continuing diligence in steering the region toward achievement of the Comprehensive Review's essential compromises.

Sincerely,

K.C. Golden
Assistant Director